

# SecurEstate Financial Services Inc. Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of SecurEstate Financial Services Inc.. If you have any questions about the contents of this brochure, please contact us at (765) 778-7415 or by email at: [Chuck@securestateonline.com](mailto:Chuck@securestateonline.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about SecurEstate Financial Services Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SecurEstate Financial Services Inc.'s CRD number is: 309230.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## Item 2: Material Changes

There are no material changes in this brochure from the last annual updating amendment of SecurEstate Financial Services Inc. on March 17, 2022. Material changes relate to SecurEstate Financial Services Inc.'s policies, practices or conflicts of interests.

## Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes .....	ii
Item 3: Table of Contents .....	ii
Item 4: Advisory Business .....	1
Item 5: Fees and Compensation .....	3
Item 6: Performance-Based Fees and Side-By-Side Management .....	6
Item 7: Types of Clients .....	6
Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss .....	7
Item 9: Disciplinary Information .....	10
Item 10: Other Financial Industry Activities and Affiliations .....	10
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	12
Item 12: Brokerage Practices .....	13
Item 13: Review of Accounts .....	14
Item 14: Client Referrals and Other Compensation .....	15
Item 15: Custody .....	16
Item 16: Investment Discretion .....	16
Item 17: Voting Client Securities (Proxy Voting) .....	16
Item 18: Financial Information .....	17
Item 19: Requirements For State Registered Advisers .....	17

## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

SecurEstate Financial Services Inc. (hereinafter "SFSI") is a Corporation organized in the State of Indiana. The firm was formed in May 1996, and the principal owner is the Werckenthien Family Trust, of which the trustees are Karen and Charles Werckenthien.

### **B. Types of Advisory Services**

#### ***Portfolio Management Services***

SFSI offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SFSI creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

SFSI evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. SFSI will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

SFSI seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of SFSI's economic, investment or other financial interests. To meet its fiduciary obligations, SFSI attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, SFSI's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is SFSI's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

#### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. Investment planning involves working with clients to make sure their investments match their respective risk tolerance and goals. Tax concerns are

addressed by working with the client to determine and compare effective tax rates for income, capital gains and other earnings or investments, then attempting to allocate the client's resources accordingly. Life insurance planning entails reviewing the life insurance and/or disability insurance needs of the client, together with any applicable dependents, spouse or other relatives, and assessing appropriate coverage for these individuals. College planning entails helping clients save for higher education, whether for the client or his/her children or other dependents, in the ideal manner to suit the client's overall financial goals and means. Financial planning to address retirement entails making sure clients are financially equipped for retirement in light of the client's anticipated income and expenses, investments, and other assets. Debt/credit planning consists of breaking down client budgets and aiding clients in decision-making as to current debt, anticipated significant expenses and potential debt, and avoiding excessive debt.

### ***Selection of Other Advisers***

SFSI may direct clients to third-party investment advisers. Before selecting other advisers for clients, SFSI will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where SFSI is recommending the adviser to clients.

### ***Written Acknowledgement of Fiduciary Status***

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### ***Services Limited to Specific Types of Investments***

SFSI generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), equities and ETFs. SFSI may use other securities as well to help diversify a portfolio when applicable.

### C. Client Tailored Services and Client Imposed Restrictions

SFSI offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent SFSI from properly servicing the client account, or if the restrictions would require SFSI to deviate from its standard suite of services, SFSI reserves the right to end the relationship.

### D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. SFSI does not participate in any wrap fee programs.

### E. Assets Under Management

SFSI has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$ 62.892.303.00	\$0	December 2022

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Portfolio Management Fees*

Total Assets Under Management	Annual Fees
\$0 - \$400,000	1.25%
\$400,001 - \$1,000,000	0.80%
\$1,000,001 - \$2,000,000	0.30%
\$2,000,001 - \$5,000,000	0.25%
\$5,000,001 – And Up	0.10%

SFSI uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

The final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of SFSI's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

### ***Financial Planning Fees***

#### **Fixed Fees**

The fixed rate for creating client financial plans is between \$500 and \$5,000. The fixed fee is based upon the complexity of the plan, the hourly rate, the estimated amount of time to be used for creating a financial plan. Fixed fees relate to financial plans and financial planning that may include, without limitation: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning, each service as further detailed above.

It is anticipated that each financial planning service listed above will take approximately 2-20 hours of financial planning and therefore the time to complete a financial plan will depend on the services required by the client. For example, the financial plan for a client requiring only investment planning, retirement, and life insurance planning will usually require 6-12 hours.

Clients may terminate the agreement without penalty, for full refund of SFSI's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

### ***Selection of Other Advisers Fees***

SFSI may specifically direct clients to Zacks Investment Management. The annual fee schedules are as follows:

#### **Zack's SMA's and Zack's Custom SMA's fee schedule:**

<b>Total Assets</b>	<b>SFSI's Fee</b>	<b>ZIM's Fee</b>	<b>Total Fee</b>
All Assets	Up to 1.25%	0.28%	Up to 1.53%

#### **Zacks ETF Model Portfolios fee schedule:**

<b>Total Assets</b>	<b>SFSI's Fee</b>	<b>ZIM's Fee</b>	<b>Total Fee</b>
All Assets	Up to 1.25%	0.18%	Up to 1.43%

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in arrears.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check.

Fixed financial planning fees are paid in arrears upon completion.

### ***Payment of Selection of Other Advisers Fees***

Fees are paid quarterly in arrears.

Fees are withdrawn from client accounts. The custodian pays SFSI and Zacks Investment Management its portion of fees.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by SFSI. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

SFSI collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Lauren Elizabeth Wilson and Charles Caesar Werckenthien are registered representatives of a broker-dealer. Lauren Elizabeth Wilson and Charles Caesar Werckenthien are also insurance agents. In these roles, they accept compensation for the sale of investment products to SFSI clients.

### ***1. This is a Conflict of Interest***

Supervised persons may accept compensation for the sale of investment products, including asset based sales charges or service fees from the sale of mutual funds to SFSI's clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on

the client's needs. When recommending the sale of investment products for which the supervised persons receives compensation, SFSI will document the conflict of interest in the client file and inform the client of the conflict of interest.

## ***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase SFSI recommended products through other brokers or agents that are not affiliated with SFSI.

## ***3. Commissions are not SFSI's primary source of compensation for advisory services***

Commissions are not SFSI's primary source of compensation for advisory services.

## ***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on investment products recommended to clients.

# **Item 6: Performance-Based Fees and Side-By-Side Management**

SFSI does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

# **Item 7: Types of Clients**

SFSI generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum for any of SFSI's services.



## Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

SFSI's methods of analysis include Fundamental analysis, Modern portfolio theory and Quantitative analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

#### *Investment Strategies*

SFSI uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio

exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit

rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF's shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Real estate funds** (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

As a registered representatives of Private Client Services, Lauren Elizabeth Wilson and Charles Caesar Werckenthien accept compensation for the sales of securities.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SFSI nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Lauren Elizabeth Wilson is a registered representative of Private Client Services and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SFSI always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way

required to implement the plan through any representative of SFSI in such individual's capacity as a registered representative.

Lauren Elizabeth Wilson is a licensed insurance agent with SecurEstate, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SFSI always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of SFSI in connection with such individual's activities outside of SFSI.

Charles Caesar Werckenthien is a registered representative of Private Client Services and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SFSI always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of SFSI in such individual's capacity as a registered representative.

Charles Caesar Werckenthien is a licensed insurance agent with SecurEstate, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SFSI always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of SFSI in connection with such individual's activities outside of SFSI.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

SFSI may specifically direct clients to Zacks Investment Management. Zacks Investment Management acts as a sub-advisor to some of SFSI's accounts custodied at Schwab Institutional, a division of Charles Schwab & Co., Inc. The annual fee schedules are disclosed in Item 5.A above.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

SFSI has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. SFSI's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

SFSI does not recommend that clients buy or sell any security in which SFSI or a related person has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of SFSI may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SFSI to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SFSI will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of SFSI may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SFSI to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, SFSI will never engage in trading that operates to the client's disadvantage if representatives of SFSI buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on SFSI's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and SFSI may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in SFSI's research efforts. SFSI will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

SFSI will require clients to use Schwab Institutional, a division of Charles Schwab & Co., Inc.

#### ***1. Research and Other Soft-Dollar Benefits***

While SFSI has no formal soft dollars program in which soft dollars are used to pay for third party services, SFSI may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). SFSI may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and SFSI does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. SFSI benefits by not having to produce or pay for the research, products or services, and SFSI will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that SFSI's acceptance of soft dollar benefits may result in higher commissions charged to the client.

#### ***2. Brokerage for Client Referrals***

SFSI receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

SFSI may permit clients to direct it to execute transactions through a specified broker-dealer. Clients must refer to their advisory agreements for a complete understanding of how they may be permitted to direct brokerage. If a client directs brokerage, the client will be required to acknowledge in writing that the client's direction with



respect to the use of brokers supersedes any authority granted to SFSI to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If SFSI buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, SFSI would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. SFSI would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

# **Item 13: Review of Accounts**

## **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for SFSI's advisory services provided on an ongoing basis are reviewed at least Quarterly by Charles Caesar Werckenthien, Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels. All accounts at SFSI are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Charles Caesar Werckenthien, Chief Compliance Officer. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, SFSI's services will generally conclude upon delivery of the financial plan.



### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of SFSI's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. SFSI will also provide at least quarterly a separate written statement to the client.

Each financial planning client will receive the financial plan upon completion.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

SFSI does not receive any economic benefit, directly or indirectly from any third party for advice rendered to SFSI's clients.

With respect to Schwab, SFSI receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For SFSI client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to SFSI other products and services that benefit SFSI but may not benefit its clients' accounts. These benefits may include national, regional or SFSI specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of SFSI by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist SFSI in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of SFSI's fees from

its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of SFSI's accounts. Schwab Advisor Services also makes available to SFSI other services intended to help SFSI manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to SFSI by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SFSI. SFSI is independently owned and operated and not affiliated with Schwab.

#### **B. Compensation to Non - Advisory Personnel for Client Referrals**

SFSI does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, SFSI will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

SFSI provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, SFSI generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

### **Item 17: Voting Client Securities (Proxy Voting)**

SFSI will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

SFSI neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

In light of the COVID-19 coronavirus and historic decline in market values, SFSI has elected to participate in the CARES Act's Paycheck Protection Program ("PPP") to strengthen its balance sheet. SFSI intends to use this loan predominantly to continue payroll for the firm and may ultimately seek loan forgiveness per the terms of the PPP. Due to this and other measures taken internally, SFSI has been able to operate and continue serving its clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

SFSI has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

The education and business backgrounds of SFSI's current management persons, Lauren Elizabeth Wilson and Charles Caesar Werckenthien, can be found on the Form ADV Part 2B brochure supplements for those individuals.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

### **C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

SFSI does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

See Item 10.C and 11.B.